


Trends in Regulations and Issues in the Competitive Power Industry

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The Advanced Turbine Systems Annual Program Review
Alexandria, Virginia
December 4, 2000



**EPSA is the national trade
association representing the
competitive power supply industry,
including power producers and
marketers**



Restructuring Activity

- ◆ **25 States + District of Columbia have taken steps to move to competition**
- ◆ **Open Access - Order No. 888**
- ◆ **RTOs - Order No. 2000**
- ◆ **Federal legislation - still waiting**



The Non-Regulated Generation Sector: Growing at an Astonishing Rate

As of October 2000:

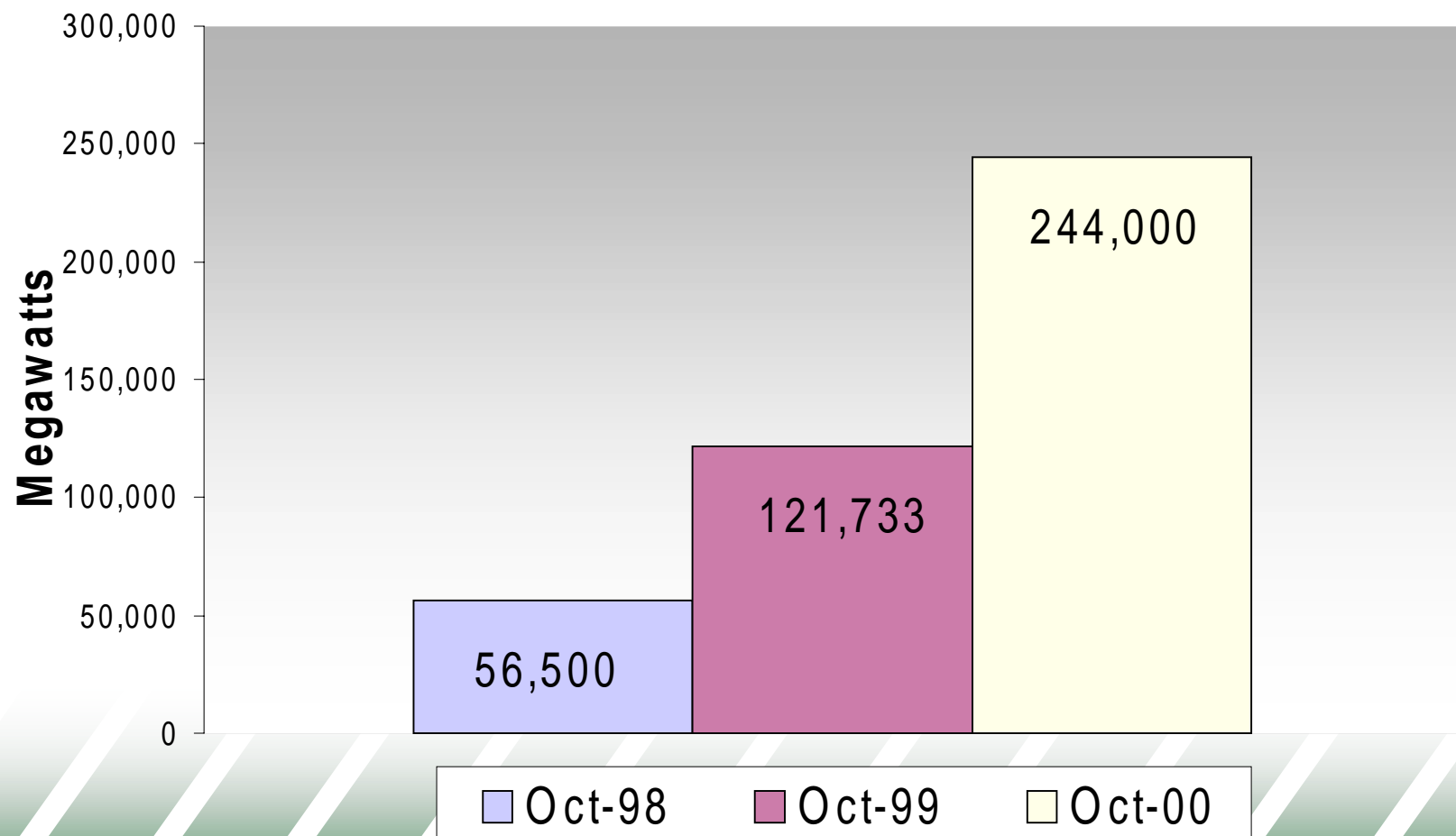
- ◆ **244,000 MW announced new merchant plants**
- ◆ **90,260 MW utility asset sales**
- ◆ **The non-regulated generation sector will control about 25% of installed capacity by the end of 2001**





Electric Power Supply Association
*Advocating the **power** of competition*

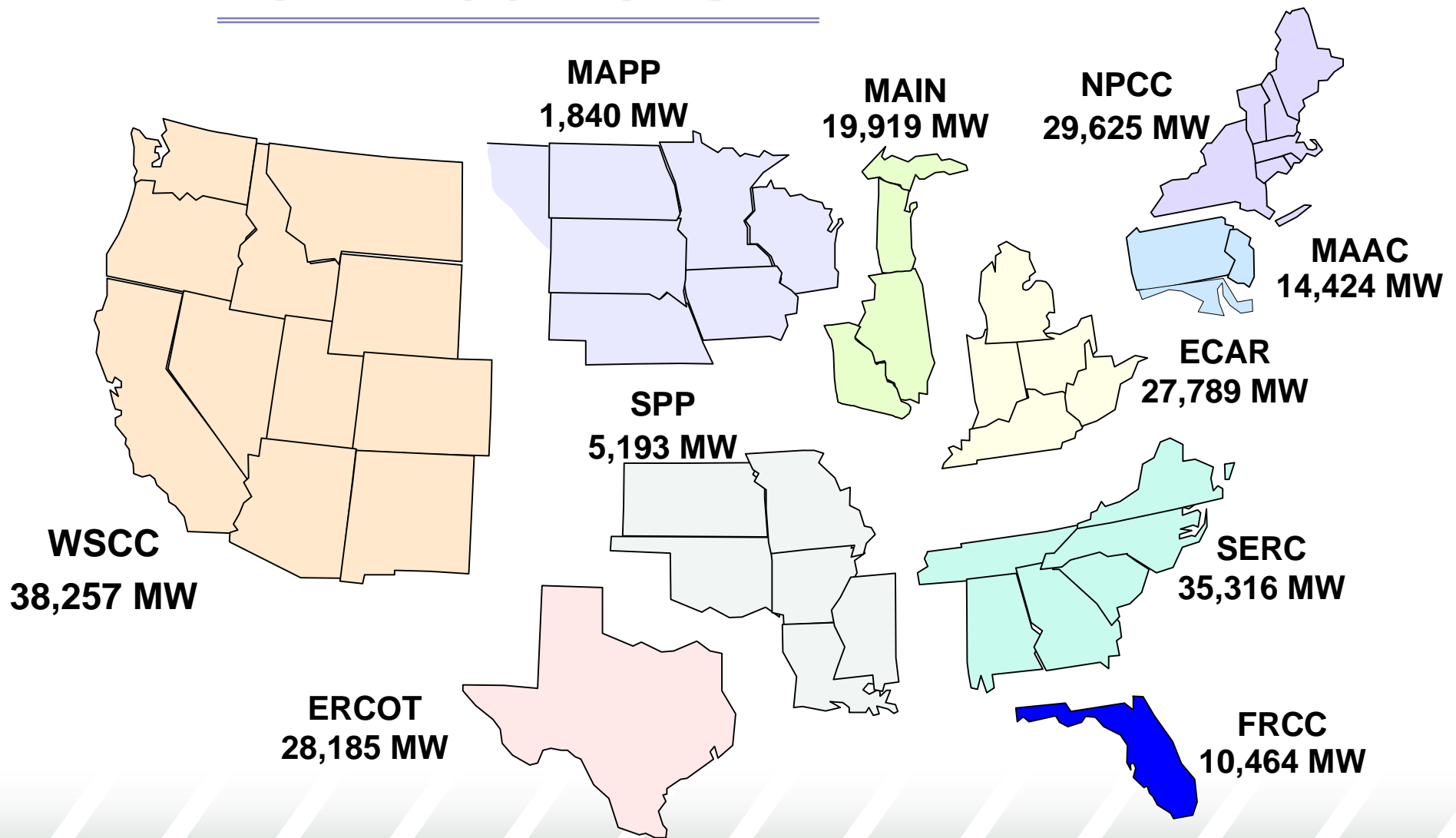
Announced Merchant Plant Capacity



Announced Merchant Plant Additions



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Source: Electric Power Supply Association, October 2000

Who are the New Competitors?



Generators

The diagram illustrates the relationship between three entities in the electric power supply industry. At the top is a blue trapezoidal shape labeled 'Generators'. In the center is a green double-headed arrow labeled 'Convergence'. At the bottom is a rounded rectangular shape with a blue-to-yellow gradient labeled 'Marketers'. The 'Convergence' arrow points both upwards towards 'Generators' and downwards towards 'Marketers', indicating a two-way relationship or convergence between these two groups.

Convergence

Marketers



A decorative graphic at the bottom of the slide consisting of several parallel diagonal stripes in shades of green and white.

Competitive Supplier Needs

◆ Robust wholesale and retail markets

- Most new generation built in regions/states adopting retail access
 - ◆ New England -- 22,313 MW
 - ◆ California -- 21,907 MW
 - ◆ Texas -- 27,905 MW
 - ◆ Indiana -- 8,177 MW



Competitive Supplier Needs (cont.)

- ◆ **Access to transmission grids comparable to utilities' access**
- ◆ **Large integrated RTOs and/or Transcos with single control point**
- ◆ **Fair and efficient policies for interconnection of new generation**



A Competitive Industry Now, But Hampered in the Short-Term By:

- ◆ **Failure of Congress to update statutes underlying competitive markets**
- ◆ **Lack of clarity on FERC/state jurisdiction and future roles of each**
- ◆ **Failure of states to adopt consistent timeframes for implementing retail competition**



A Competitive Industry Now, But Hampered in the Short-Term By: (cont.)

- ◆ **Failure of some states to adopt optimum retail competition models**
- ◆ **Failure of states and regions to standardize procedures and rules**
- ◆ **Lack of RTOs and/or Transcos**



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